

Bond Insurer and the Issuer), and a copy of the transcript of proceedings relating to any refunding bonds, the proceeds of which are used to pay the principal of or interest on the Bonds or to defease the lien of this Indenture. When a Bond is deemed paid, it will no longer be secured by or entitled to the benefits of this Indenture or the First Mortgage Bonds or be an obligation of the Issuer, except for payment from such moneys or Government Securities under (a)(2) above and except that it may be transferred, exchanged, registered or replaced as provided in Article II. When a Bond is deemed paid, the Trustee shall return a proportionate aggregate principal amount of the First Mortgage Bonds relating to such Bond to the Mortgage Trustee for cancellation.

Notwithstanding the foregoing, no deposit under clause (a)(2) above shall be made until the Company has furnished the Trustee and the Issuer an Opinion of Tax Counsel to the effect that the conditions precedent to the defeasance of the lien of the Indenture have been satisfied and the deposit of such cash or Government Securities will not cause the Bonds to become "arbitrage bonds" under Section 148 of the Code.

Also, if any Bond is to be redeemed prior to maturity, notice of redemption of such Bond must be given in accordance with Article III in order for such deposit to be deemed a payment of such Bond. If any Bond is not to be redeemed or paid within the next 60 days, the Company must give the Trustee, in form satisfactory to the Trustee, irrevocable instructions (i) to provide notice, as soon as practicable, in accordance with Article III that the deposit required by (a)(2) above has been made with the Trustee and that such Bond is deemed to be paid under this Article and stating the maturity or specified redemption date upon which moneys are to be available for the payment of the principal of such Bond, and (ii) to give notice of redemption not less than 30 nor more than 60 days prior to the specified redemption date for such Bond.

When all outstanding Bonds are deemed paid under the foregoing provisions of this Section, the Trustee will upon request acknowledge the discharge of the lien of this Indenture, *provided, however*, that the obligations under Article II in respect of the transfer, exchange, registration and replacement of Bonds, and the obligations of Section 4.07 with respect to the payment of Rebate Amounts and compliance with the requirements of the Arbitrage Letter of Instructions, shall survive the discharge of the lien of this Indenture. No deposit will be made or accepted and no use made of any such deposit which would cause any Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

*Section 6.02. Application of Trust Money.* The Trustee shall hold in trust money or Government Securities deposited with it pursuant to the preceding Section and shall apply the

deposited money and the money from the Government Securities in accordance with this Indenture only to the payment of principal of, premium (if any) and interest on the Bonds.

*Section 6.03. Repayment to Company.* Except for moneys in the Rebate Fund, the Trustee shall promptly pay to the Company upon request any excess money or securities held by the Trustee at any time under this Article and any money held by the Trustee under any provision of this Indenture for the payment of principal of or interest on Bonds that remains unclaimed for two years after such payment is due, and the owners of the Bonds for which the deposit was made shall be limited thereafter to a claim against the Company.

*Section 6.04. Release of First Mortgage Bonds.* It is the intent of this Indenture that the Trustee shall at all times hold as security for the payment of principal of, premium (if any) and interest on all outstanding Bonds a principal amount of First Mortgage Bonds equal to the principal amount of Bonds then outstanding. Accordingly, the Trustee hereby agrees, for itself and the owners from time to time of the Bonds, at any time and from time to time, that (a) when and to the extent that (upon redemption, at maturity or otherwise) the principal of, premium (if any) and interest then due on the Bonds shall have been paid in whole or in part or provision therefor duly made in accordance with the provisions of this Indenture, or any outstanding Bond or Bonds shall have been delivered to the Trustee for cancellation by or on behalf of the Company; (b) all compensation and expenses of the Trustee have been paid or provided for to the Trustee's satisfaction; and (c) an Event of Default by the Company under Section 7.01 shall not have occurred and be continuing, the Trustee shall, within five Business Days thereafter, deliver to the Mortgage Trustee, without charge, that principal amount of First Mortgage Bonds corresponding to the principal amount of Bonds so paid in whole or in part or duly provided for or delivered, together with such appropriate instruments of release as may be required; *provided, however,* that for the purposes of this Section, the Trustee may conclusively presume that no such Event of Default has occurred or is continuing if no default has occurred or is continuing of which the Trustee has actual knowledge, and if the Trustee shall have received a certificate dated the date of the delivery of such First Mortgage Bonds to the Mortgage Trustee and signed by a Company Representative to the effect that no Event of Default under Section 7.01 has occurred and is continuing.

## ARTICLE VII DEFAULTS AND REMEDIES

*Section 7.01. Events of Default.* An "Event of Default" is any of the following:

- (a) There is a failure to make due and punctual payment of any interest on any Bond on the due date thereof.
- (b) There is a failure to make payment of the principal of any Bond when due, at maturity, upon acceleration or redemption or otherwise.
- (c) There is a failure to purchase any Bonds upon presentation for purchase in accordance with the terms and provisions of the Bonds.

(d) An "event of default" as defined in the Mortgage shall have occurred.

*Section 7.02. Acceleration.* If any Event of Default under Section 7.01 (a), (b) or (c) occurs and is continuing, or if an Event of Default under Section 7.01(d) occurs and is continuing and as a result thereof payment of the First Mortgage Bonds shall have been accelerated under the Mortgage, the Trustee may, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer or the owners of at least 25% in aggregate principal amount of the Bonds then outstanding, with the consent of the Bond Insurer, by written notice to the Issuer, the Company and the Bond Insurer, declare the principal of and accrued interest on the Bonds to be due and payable immediately and such principal and interest shall thereupon become and be immediately due and payable; the Trustee shall immediately give notice of acceleration to the Bondholders; and upon any declaration of acceleration, the Trustee shall immediately exercise such rights as it may have as the owner of the First Mortgage Bonds and under the Loan Agreement, including the right to demand redemption of the First Mortgage Bonds held by it.

The Trustee, upon the request of the Bond Insurer or the owners of a majority in aggregate principal amount of the Bonds then outstanding, with the consent of the Bond Insurer, shall, rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, unless (a) the rescission would conflict with any judgment or decree; or (b) all payments due the Trustee under Section 8.06 have not been made. The Trustee shall send notice of any rescission to the Issuer, the Company, the Bond Insurer and the Mortgage Trustee and immediately upon such rescission, shall cancel, by notice to the Mortgage Trustee, any demand for redemption of the First Mortgage Bonds made by the Trustee pursuant to this Section.

*Section 7.03. Other Remedies.* Subject to the rights of the Bond Insurer under the Municipal Bond Insurance Policy, if an Event of Default occurs and is continuing, the Trustee, before or after declaring the principal of and interest on the Bonds to be immediately due and payable, may, and upon request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding shall, pursue every right granted to it as owner of the First Mortgage Bonds and any available remedy by proceeding at law or in equity to collect the principal of or interest on the Bonds or to enforce the performance of any provision of the Bonds, this Indenture, the First Mortgage Bonds or the Loan Agreement. In exercising such rights and the rights given the Trustee under this Article, the Trustee will take such action as in the judgment of the Trustee applying the standards described in Section 8.01, would best serve the interests of the Bondholders, taking into account the provisions of the Mortgage and the remedies afforded to the Company's First Mortgage Bonds under it.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Bondholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

*Section 7.04. Waiver of Past Defaults.* Subject to the rights of the Bond Insurer under the Municipal Bond Insurance Policy, the owners of a majority in aggregate principal amount of the Bonds then outstanding by notice to the Trustee may waive an existing Event of Default and its

consequences. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

*Section 7.05. Control by Majority.* Subject to the rights of the Bond Insurer under the Municipal Bond Insurance Policy, the owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 8.02, that the Trustee determines is unduly prejudicial to the rights of other Bondholders, or would involve the Trustee in personal liability.

*Section 7.06. Limitation on Suits.* A Bondholder may not pursue any remedy with respect to this Indenture or the Bonds unless (a) the owner gives the Trustee notice stating that an Event of Default is continuing, (b) the owners of at least 25% in aggregate principal amount of the Bonds then outstanding, with the consent of the Bond Insurer, make a written request to the Trustee to pursue the remedy, (c) such owner or owners offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense, and (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity.

A Bondholder may not use this Indenture to prejudice the rights of another Bondholder or to obtain a preference or priority over the other Bondholders.

*Section 7.07. Rights of Owners to Receive Payment.* Notwithstanding any other provision of this Indenture, the right of any owner to receive payment of principal of, premium (if any) and interest on a Bond, on or after the due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the owner.

*Section 7.08. Collection Suit by Trustee.* Subject to the rights of the Bond Insurer with respect to the Municipal Bond Insurance Policy, if an Event of Default under Section 7.01(a), (b) or (c) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount remaining unpaid.

*Section 7.09. Trustee May File Proofs of Claim.* Subject to the rights of the Bond Insurer with respect to the Municipal Bond Insurance Policy, the Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Company, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the owners in any election of a trustee in bankruptcy or other person performing similar functions.

*Section 7.10. Priorities.* If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

*First:* To the Rebate Fund for amounts, if any, to be paid pursuant to this Indenture and the Arbitrage Letter of Instructions.

*Second:* To the Trustee for payment of the costs and expenses of the proceedings under which such money was collected, including a reasonable compensation to the Trustee, its agents, attorneys and all other necessary or proper expenses, liabilities and advances incurred or made by the Trustee under this Indenture relating to such collection.

*Third:* (a) Unless the principal of all the Bonds shall have become due and payable, to Bondholders as follows: (i) first to the payment of all interest then due, in order of maturity, with interest on defaulted interest at the rate therefor stated in the Bonds to the extent permitted by law and, if the amount available is insufficient to pay in full any particular installment, then to the payment ratably, without preference or priority of any kind, according to the amounts due on such installment; and (ii) second, to the payment of the unpaid principal of any of the Bonds which has become due, with interest on such Bonds from the date on which they become due, and, if the amount available is insufficient to pay in full Bonds due, together with such interest, then to the payment first of interest ratably according to the amount of interest due on such date and then to the payment of principal, ratably, without preference or priority of any kind; and (iii) third, to the payment of any redemption premium then due.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and accrued interest then due and unpaid upon the Bonds, with interest on overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on overdue installments of interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference.

*Fourth:* To the Bond Insurer in connection with any payments due to it with respect to the Municipal Bond Insurance Policy.

*Fifth:* To the Company.

Such moneys will be applied as the Trustee will determine, having due regard to the amount of such moneys available and the likelihood of additional moneys becoming available for such purpose in the future. The Trustee will fix the date for such payment on an interest payment date unless the Trustee deems another date to be more suitable, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee will give notice by publication or mailing, as it deems appropriate, of the deposit with it of any such moneys and the fixing of any such date.

The Trustee may fix a payment date for any payment to the Bondholders.

*Section 7.11. Undertaking for Costs.* In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorney's fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by an owner pursuant to Section 7.07 or a suit by owners of more than 25% in aggregate principal amount of the Bonds then outstanding.

*Section 7.12. Consent of the Bond Insurer upon Default.* Anything in this Indenture to the contrary notwithstanding, so long as the Municipal Bond Insurance Policy is in effect and the Bond Insurer is not in default in its obligations thereunder, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture, including, without limitation, acceleration of the principal of the Bonds as described in this Indenture and the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default.

## ARTICLE VIII TRUSTEE

*Section 8.01. Acceptance of Trust.* The Trustee accepts and agrees to execute the trusts hereby created, but only upon and subject to the express terms and conditions set forth in this Indenture.

*Section 8.02. Rights and Duties of Trustee.* (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in this Indenture and applicable laws and regulations, and no others. No implied covenants or obligations shall be read into this Indenture against the Trustee.

(c) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on any such certificate or any such Opinion of Counsel.

(d) The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture nor for anything whatever in connection with the trust hereunder, except only its own willful misconduct or gross negligence or that of any officer or employee of the Trustee.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, and the Trustee may require adequate indemnity against such risk or liability as a condition thereto.

(f) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Trustee may not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 7.02.

(g) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(h) The Trustee may act through agents or co-trustees and shall not be responsible for the misconduct or negligence of any agent or co-trustee appointed with due care.

(i) Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

*Section 8.03. Individual Rights of Trustee.* The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or with the Company or its affiliates with the same rights it would have if it were not Trustee. Any paying agent may do the same with like rights.

*Section 8.04. Trustee's Disclaimer.* The Trustee makes no representation as to, and shall not be responsible for, the validity or adequacy of this Indenture or the Bonds; it shall not be accountable for the Company's use of the proceeds from the Bonds paid to the Company; and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

*Section 8.05. Notice of Defaults.* If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is known to the Trustee, the Trustee shall mail to the Issuer, to the Bond Insurer and to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment of any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Bondholders.

*Section 8.06. Compensation of Trustee.* For acting under this Indenture, the Trustee shall be entitled to payment for its services and reimbursement of advances, counsel fees and other expenses as shall be agreed to between the Trustee and the Company or, in the absence of any such agreement, to payment of such fees and expenses as may be reasonably made or incurred by the Trustee and reasonable in amount in connection with its services under this Indenture; *provided, however,* that in no event shall the Issuer be liable for such payment.

To secure the payment or reimbursement to the Trustee provided for in this Section, the Trustee shall have a senior claim, to which the Bondholders are made subordinate, on all money or property held or collected by the Trustee, except that held in the Rebate Fund or under Article VI hereof or otherwise held in trust to pay principal of, premium (if any) and interest on particular Bonds.

*Section 8.07. Eligibility of Trustee.* This Indenture shall always have a Trustee that is a corporation organized and doing business under the laws of the United States or America or any state or the District of Columbia, is authorized under such laws and the laws of the State to exercise corporate trust powers, is subject to supervision or examination by Federal or State authority and has a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

*Section 8.08. Replacement of Trustee.* The Trustee may resign by notifying the Issuer, the Company and the Bond Insurer. The owners of a majority in aggregate principal amount of the Bonds then outstanding may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Issuer's, the Bond Insurer's and the Company's consent. The Issuer may, and at the request of the Bond Insurer (so long as an Event of Default shall have occurred and be continuing) or the Company will, remove the Trustee, at any time so long as a Successor Trustee meeting the requirements of this Indenture and acceptable to the Bond Insurer and the Company shall have been appointed by the Issuer and shall have agreed to accept the Trust Estate herein conferred.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, except as otherwise provided herein, the Issuer shall promptly appoint a successor Trustee meeting the requirements of this Indenture, selected by the Company and reasonably acceptable to the Issuer and to the Bond Insurer. A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer and to the Bond Insurer, immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, the Company, the Bond Insurer or the owners of a majority in aggregate principal amount of the Bonds then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If at any time the Trustee is not in compliance with the foregoing Section 8.07, any Bondholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

*Section 8.09. Successor Trustee by Merger.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

**ARTICLE IX**  
**AMENDMENTS OF AND SUPPLEMENTS TO INDENTURE**

*Section 9.01. Without Consent of Bondholders.* The Issuer and the Trustee, with the prior written consent of the Bond Insurer, may amend or supplement this Indenture or the Bonds without notice to or the consent of any Bondholder:

- (a) to cure any ambiguity, inconsistency or formal defect or omission,
- (b) to grant to the Trustee for the benefit of the Bondholders additional rights, remedies, powers or authority,
- (c) to subject to this Indenture additional collateral or to add other agreements of the Issuer,
- (d) to modify this Indenture or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar Federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America,
- (e) to evidence the succession of a new Trustee or the appointment by the Trustee or the Issuer of a co-trustee,
- (f) to provide for the refunding or advance refunding of the Bonds, or
- (g) to make any change that does not materially adversely affect the rights of any Bondholder.

*Section 9.02. With Consent of Bondholders.* If an amendment of or supplement to this Indenture or the Bonds without any consent of Bondholders is not permitted by the preceding Section 9.01, the Issuer and the Trustee, with the prior written consent of the Bond Insurer, may enter into such amendment or supplement upon not more than 60 and not less than 30 days notice to the Bondholders and with the consent of the owners of at least a majority in aggregate principal amount of the Bonds then outstanding. However, without the consent of each Bondholder affected, no amendment or supplement may (a) extend the maturity of the principal of, or interest on, any Bond, (b) reduce the principal amount of, or rate of interest on, any Bond, (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) reduce the percentage of the principal amount of the Bonds required for consent to such amendment or supplement, (e) impair the exclusion of interest on the Bonds from the federal gross income of the owner of any Bond, (f) eliminate any mandatory redemption of the Bonds, extend any mandatory redemption date, reduce the redemption price of such Bonds or amend any tender provision with respect to any Bond, (g) create a lien ranking prior to or on a parity with the lien of this Indenture on the property described in the Granting Clauses of this Indenture, or (h) deprive any Bondholder of the lien created by this Indenture on such property. In addition, if moneys or Government Securities have been deposited or set aside with the Trustee pursuant to Article VI for the payment of Bonds, and those Bonds shall not have in fact been actually paid in

full, no amendment to the provisions of that Article shall be made without the consent of the owner of each of those Bonds affected.

*Section 9.03. Effect of Consents.* After an amendment or supplement becomes effective, it will bind every Bondholder. For purposes of determining the total number of Bondholders' consents, each Bondholder's consent will be effective with respect to the Bondholder who consented to it and each subsequent owner of a Bond or portion of a Bond evidencing the same debt as the consenting owner's Bond.

*Section 9.04. Notation on or Exchange of Bonds.* If an amendment or supplement changes the terms of a Bond, the Trustee may require the owner to deliver it to the Trustee. The Trustee may place an appropriate notation on the Bond about the changed terms and return it to the owner. Alternatively, if the Trustee, the Issuer and the Company determine, the Issuer in exchange for the Bond will issue and the Trustee will authenticate a new Bond that reflects the changed terms.

*Section 9.05. Signing by Trustee of Amendments and Supplements.* The Trustee will sign any amendment or supplement to the Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 8.01) will be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

*Section 9.06. Company Consent Required.* No amendment or supplement to this Indenture or the Bonds shall become effective unless the Company delivers to the Trustee its written consent to the amendment or supplement.

*Section 9.07. Notice to Bondholders.* The Trustee shall cause notice of the execution of each supplement or amendment to this Indenture or the Loan Agreement to be mailed to the Bondholders. The notice will at the option of the Trustee, either (i) briefly state the nature of the amendment or supplement and that copies of it are on file with the Trustee for inspection by Bondholders, or (ii) enclose a copy of such amendment or supplement.

## ARTICLE X AMENDMENTS OF AND SUPPLEMENTS TO LOAN AGREEMENT

*Section 10.01. Without Consent of Bondholders.* The Issuer, with the prior written consent of the Bond Insurer, may enter into, and the Trustee may consent to, any amendment of or supplement to the Loan Agreement, without notice to or consent of any Bondholder, if the amendment or supplement is required or permitted (a) by the provisions of the Loan Agreement or this Indenture (including in connection with transactions permitted by Section 6.1 of the Loan Agreement, relating to maintenance of the Company's existence), (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of

or supplement to this Indenture, or (d) to make any change that does not materially adversely affect the rights of any Bondholder.

*Section 10.02. With Consent of Bondholders.* If an amendment or supplement to the Loan Agreement without any consent of Bondholders is not permitted by the foregoing Section, the Issuer, with the prior written consent of MBIA, may enter into, and the Trustee may consent to, such amendment or supplement upon not more than 60 and not less than 30 days' notice to Bondholders and with the consent of the owners of at least a majority in aggregate principal amount of the Bonds then outstanding. However, without the consent of each Bondholder affected, no amendment or supplement may result in anything described in the lettered clauses of Section 9.02.

*Section 10.03. Consents by Trustee to Amendments or Supplements.* The Trustee will consent to any amendment or supplement to the Loan Agreement authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing a consent to an amendment or supplement, the Trustee shall be entitled to receive and (subject to Section 8.01) shall be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

## ARTICLE XI MISCELLANEOUS

*Section 11.01. Notices.* (a) *Written Notices.* Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Bonds must be in writing except as expressly provided otherwise in this Indenture or the Bonds.

(b) *Addresses.* Any notice or other communication shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed as follows: if to the Issuer, to the Will-Kankakee Regional Development Authority, 116 North Chicago Street, 2 Rialto Square, Joliet, Illinois 60431, Attention: Executive Director; if to the Trustee, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Attention: \_\_\_\_\_; and if to the Company, to Consumers Illinois Water Company, 1000 South Schuyler Avenue, P.O. Box 152, Kankakee, Illinois 60901, Attention: \_\_\_\_\_. Any addressee may designate additional or different addresses for purposes of this Section.

(c) *Notices to the Bond Insurer.* While the Municipal Bond Insurance Policy is in effect, the Company or the Trustee, as appropriate, shall furnish to the Bond Insurer:

(i) as soon as practicable after the preparation thereof, a copy of any financial statement of the Company and a copy of any audit and annual report of the Company;

(ii) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and

any certificate rendered pursuant to this Indenture relating to the security for the Bonds;  
and

(iii) such additional information it may reasonably request.

The Trustee shall notify the Bond Insurer of any failure of the Company to provide relevant notices, certificates, etc.

The Company will permit the Bond Insurer to discuss the affairs, finances and accounts of the Company or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Company. The Trustee or the Company, as appropriate, will permit the Bond Insurer to have access to the Project and have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Notwithstanding any other provision of this Indenture to the contrary, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under this Indenture.

*Section 11.02. Bondholders' and the Bond Insurer's Consents.* (a) Any consent or other instrument required by this Indenture to be signed by Bondholders may be in any number of concurrent documents and may be signed by a Bondholder or by such owner's agent appointed in writing. Proof of the execution of such instrument or of the instrument appointing an agent and of the ownership of Bonds, if made in the following manner, shall be conclusive for any purposes of this Indenture with regard to any action taken by the Trustee under the instrument:

(i) The fact and date of a person's signing an instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing the writing acknowledged before the officer the execution of the writing, or by an affidavit of any witness to the signing.

(ii) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of such Bonds and the date of holding shall be proved by the registration books kept pursuant to this Indenture.

In determining whether the owners of the required aggregate principal amount of Bonds outstanding have taken any action under this Indenture, Bonds owned by the Company or any person controlling, controlled by or under common control with the Company shall be disregarded and deemed not to be outstanding. In determining whether the Trustee shall be protected in relying on any such action, only Bonds which the Trustee knows to be so owned shall be disregarded. Any action, consent or other instrument shall be irrevocable and shall bind any subsequent owner of such Bond or any Bond delivered in substitution therefor.

(b) Consent of the Bond Insurer: (a) Any provision of this Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner

which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

(c) Unless otherwise provided in this Indenture, the Bond Insurer's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental indenture or any amendment, supplement or change to or modification of the Loan Agreement; (ii) selection and appointment of any successor trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

(d) Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, and so long as the Bond Insurer is not in default in any of its obligations under the Bond Insurance Policy, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture including, without limitation, acceleration of the principal of the Bonds as described in this Indenture and the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default.

*Section 11.03. Voting of First Mortgage Bonds Held by the Trustee.* The Trustee, as a holder of First Mortgage Bonds, may attend any meeting of bondholders under the Mortgage. Either at such meeting, or otherwise where consent of owners of First Mortgage Bonds of the Company is sought without a meeting, the Trustee may vote the First Mortgage Bonds held by it, or may consent with respect thereto, as the Trustee deems to be in the best interests of the Bondholders.

Notwithstanding the foregoing, the Trustee shall not vote any of the First Mortgage Bonds held by it in favor of, or give its consent to, any action which in the Trustee's opinion would materially adversely affect the interests of the Bondholders, except upon notification by the Trustee to the Bondholders of such proposal and the written consent thereto of at least 66-2/3% in aggregate principal amount of all the outstanding Bonds which would be affected by the proposed action and the Trustee shall not, without the unanimous consent of the owners of all Bonds then outstanding, vote any of the First Mortgage Bonds held by it in favor of, or give its consent to, any action which would (1) change the date of payment of principal of or interest on, or change the redemption provisions of, the First Mortgage Bonds held by the Trustee, (2) decrease the amounts payable on the First Mortgage Bonds held by the Trustee, or (3) reduce the percentage of aggregate principal amount of First Mortgage Bonds necessary to amend the Mortgage pursuant to Article \_\_\_\_ of the Mortgage.

*Section 11.04. Credits on First Mortgage Bonds.* In addition to any credit, payment or satisfaction expressly provided for under the provisions of this Indenture in respect of the First Mortgage Bonds, the Trustee shall apply credits against amounts otherwise payable in respect of the First Mortgage Bonds in an amount corresponding to (a) the principal amount of any Bond surrendered to the Trustee by the Company or the Issuer, or purchased by the Trustee for cancellation, and (b) the amount of money held by the Trustee and available and designated for the payment of principal or redemption price of, and/or interest on, the Bonds, regardless of the

source of payment to the Trustee of such moneys. The Trustee shall apply an amount of credit against principal and/or interest payments due on the First Mortgage Bonds on any payment date by furnishing written notice thereof to the Company and the Mortgage Trustee not more than 30 days nor less than five days prior to such payment date.

*Section 11.05. Limitation on Transfer of First Mortgage Bonds.* Except as required to effect an assignment to a successor Trustee, and except to effect an exchange in connection with a bankruptcy, reorganization, insolvency, or similar proceeding involving the Company, the Trustee shall not sell, assign or transfer First Mortgage Bonds held by it. No liability shall attach to the Mortgage Trustee for any action taken by it in good faith in reliance upon such instructions.

*Section 11.06. Limitation of Rights.* Nothing expressed or implied in this Indenture or the Bonds shall give any person other than the Trustee, the Issuer, the Company, the Bond Insurer and the Bondholders any right, remedy or claim under or with respect to this Indenture. The Bonds, together with interest thereon and any redemption premiums with respect thereto, are special, limited obligations of the Issuer secured by the Loan Agreement, the First Mortgage Bonds, the Mortgage and the Municipal Bond Insurance Policy, are and shall always be payable solely from the revenues and receipts derived from the Loan Agreement (except to the extent paid out of moneys attributable to the proceeds of the Bonds and the income from the temporary investment thereof), or payments made pursuant to or derived from the First Mortgage Bonds, the Mortgage or the Municipal Bond Insurance Policy, are and shall always be a valid claim of the owner thereof only against the revenues and receipts derived from the Loan Agreement, from the First Mortgage Bonds and from other instruments assigned to or held by the Trustee, which revenues and receipts shall be used for no other purpose than to pay the principal of, redemption premium, if any, and interest on the Bonds, except as may be expressly authorized otherwise in this Indenture and in the Loan Agreement. The Bonds and the obligation to pay interest thereon and redemption premiums with respect thereto do not now and shall never constitute a debt of the State or an indebtedness or an obligation of the Issuer, the State or any political subdivision thereof, within the meaning of any constitutional or statutory limitation or provision, or a loan of credit or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and receipts derived from the Loan Agreement, the First Mortgage Bonds, the Mortgage, and the Municipal Bond Insurance Policy (except as stated aforesaid). No owner of any Bond shall have the right to compel the exercise of the taxing power, if any, of the Issuer, the State or any political subdivision thereof to pay any principal of, premium, if any, or interest on the Bonds. The Issuer has no taxing power.

The obligations of the Issuer under this Indenture are special, limited obligations of the Issuer, payable solely out of the revenues and receipts derived under the Loan Agreement and the First Mortgage Bonds and as otherwise provided under the Loan Agreement and this Indenture. The obligations of the Issuer hereunder shall not be deemed to constitute a debt of the State or an indebtedness or an obligation of the Issuer, the State or any political subdivision thereof within the meaning of any constitutional or statutory limitation or provision, or a loan of credit or a charge against the credit or general taxing powers, if any, of any of them. The Issuer has no taxing power.

*Section 11.07. Effectiveness of Rights of the Bond Insurer to Consent or Direct Actions.* All rights granted the Bond Insurer hereunder to direct or consent to actions to be taken under any provision of this Indenture shall be effective only if the Bond Insurer shall, at the time thereof, be in compliance with its payment obligations under the Municipal Bond Insurance Policy.

*Section 11.08. Severability.* If any provision of this Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Indenture.

*Section 11.09. Payments Due on Non-Business Days.* If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

*Section 11.10. Governing Law.* This Indenture shall be governed by and construed in accordance with the laws of the State.

*Section 11.11. Captions.* The captions in this Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Indenture.

*Section 11.12. No Recourse Against Issuer's Officers.* No member, officer, director, agent or employee of the Issuer shall be individually or personally liable for any payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds, but this Section shall not relieve an officer, director, agent or employee of the Issuer from the performance of any official duty provided by law or this Indenture.

*Section 11.13. Counterparts.* This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

WILL-KANKAKEE REGIONAL DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Chairman

[SEAL]

ATTEST:

By \_\_\_\_\_  
Secretary

FIRST UNION NATIONAL BANK,  
as Trustee

By \_\_\_\_\_  
Its \_\_\_\_\_

[SEAL]

ATTEST:

By \_\_\_\_\_  
Its \_\_\_\_\_

EXHIBIT A

(FORM OF BOND)

STATEMENT OF INSURANCE

[To Be Provided]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
WILL-KANKAKEE REGIONAL DEVELOPMENT AUTHORITY  
WATER FACILITIES REVENUE BOND  
(CONSUMERS ILLINOIS WATER COMPANY PROJECT)  
SERIES 2000

MATURITY  
DATE:  
August 1, 20\_\_

INTEREST  
RATE:  
\_\_\_\_%

DATED  
DATE:  
August 1, 2000

CUSIP  
NO:

Registered Owner:

Principal Amount:

THE WILL-KANKAKEE REGIONAL DEVELOPMENT AUTHORITY, a political subdivision, body politic and municipal corporation of the State of Illinois, for value received, hereby promises to pay, solely from the sources described in this Bond, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above (subject to earlier redemption as described herein), the Principal Amount identified above and to pay interest as provided in this Bond from the date hereof on the balance of such Principal Amount from time to time remaining unpaid at the Interest Rate per annum identified above (computed on the basis of a 360-day year of twelve 30-day months) on the first days of February and August of each year, commencing on February 1, 2000, until the payment of such Principal Amount. Principal of this Bond is payable in lawful money of the United States of America at the principal corporate trust office of First Union National Bank, Philadelphia, Pennsylvania, as Trustee (including its successors, the "Trustee"); interest payments shall be made to the Registered Owner hereof as of the fifteenth (15th) day of the month immediately preceding each interest payment date (the "Record Date") by check or draft mailed to such registered owner at such registered owner's address as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished in writing by such registered owner to the Trustee on or prior to the Record Date, or, at the written election of the registered owner of \$500,000 or more in aggregate principal amount of Bonds (as hereinafter defined) delivered to the Trustee at least one Business Day (as hereinafter defined) prior to the Record Date for which such election will be effective, by wire transfer to such registered owner or by deposit into the account of such registered owner

if such account is maintained by the Trustee. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

This Bond and the obligation to pay interest hereon and any redemption premium with respect hereto are special, limited obligations of the Issuer, secured as aforesaid and payable solely out of the revenues and receipts derived from the hereinafter described Loan Agreement, the hereinafter described First Mortgage Bonds and as otherwise provided in the hereinafter described Mortgage, the hereinafter described Indenture and the Loan Agreement. This Bond and the obligation to pay interest hereon and any redemption premium with respect hereto shall not be deemed to constitute a debt of the State of Illinois (the "State"), and shall not constitute an indebtedness or an obligation of the Issuer, the State or any political subdivision thereof or a loan of credit or a charge against the general credit or taxing powers, if any, of any of them, within the meaning of any constitutional or statutory limitation, and the Issuer (except as described below), the State and any other political subdivision thereof shall not be liable for the payments of the principal of, redemption premium, if any, or interest on this Bond. The Issuer has no taxing power.

THE PROVISIONS PRINTED ON THE REVERSE SIDE OF THIS BOND ARE INCORPORATED HEREIN AND ARE OF THE SAME FORCE AND EFFECT AS THOSE PROVISIONS PRINTED ABOVE.

The Board of Directors of the Issuer have determined in the resolution authorizing the issuance of the Bonds that the provisions of Section 7(f) of the Act (relating to the moral obligations of the State) shall not apply to the Bonds.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, do exist and have been performed.

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee shall have executed the Certificate of Authentication appearing on the Bond.

This Bond shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the Will-Kankakee Regional Development Authority has caused this Bond to be signed by the manual or facsimile signature of its Chairman, its seal to be impressed hereon or a facsimile thereof printed hereon and attested by the manual or facsimile signature of its Secretary.

WILL-KANKAKEE REGIONAL DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Chairman

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

Date of Authentication: \_\_\_\_\_

This Bond is one of the Bonds described in the within mentioned Indenture.

FIRST UNION NATIONAL BANK,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

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## (REVERSE OF BOND)

1. *Indenture; Loan Agreement.* This Bond is one of a series of bonds (the "*Bonds*"), limited to \$4,500,000 in aggregate principal amount, issued under the Indenture of Trust dated as of August 1, 2000 (the "*Indenture*"), between the Issuer and the Trustee, and pursuant to a resolution adopted by the Issuer on \_\_\_\_\_, 2000. The terms of the Bonds include those in the Indenture. Registered owners are referred to the Indenture for a statement of those terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture. The term "*principal*" shall include any premium payable thereon.

The Issuer has lent the proceeds of the Bonds to Consumers Illinois Water Company, an Illinois corporation (the "*Company*"), pursuant to a Loan Agreement dated as of August 1, 2000 (the "*Loan Agreement*"), between the Issuer and the Company. The Company will use the proceeds of the Bonds to pay the costs of certain capital improvements to the Company's facilities for the public supply, control treatment and distribution of water (the "*Project*") located in Kankakee County, Illinois. The Company has agreed in the Loan Agreement to pay the Issuer amounts sufficient to pay all amounts coming due on the Bonds, and the Issuer has assigned its rights to such payments under the Loan Agreement to the Trustee as security for the Bonds.

The Indenture and the Loan Agreement may be amended, as provided therein, and references to them include any such amendments.

2. *Source of Payments; First Mortgage Bonds.* The Bonds are special, limited obligations of the Issuer and, as provided in the Indenture, are payable solely from payments to be made by the Company on the Company's First Mortgage Bonds, Series 2000, \_\_\_\_\_%, Due August 1, 20\_\_\_\_ (the "*Series 2000 First Mortgage Bonds*") delivered by the Company to the Trustee (registered in the name of and made payable to the Trustee) and from any other moneys held by the Trustee under the Indenture for such purpose, and other than as provided in the Loan Agreement, there shall be no recourse against the Issuer or any other property now or hereafter owned by it. The Series 2000 First Mortgage Bonds are issued under and secured by the Mortgage and Deed of Trust dated as of June 1, 1939, from the Company to State Street Bank and Trust Company, as successor trustee, as heretofore or hereafter supplemented or amended (the "*Mortgage*"), and are issued on a parity with certain other outstanding general mortgage bonds of the Company.

3. *Redemptions and Purchases.* The redemption price will be paid on the redemption date and will be at a redemption price of 100% of the principal amount of the Bonds being redeemed (unless a premium is required as provided below) plus interest accrued to the redemption date.

*Optional Redemption at a Premium.* The Bonds may be redeemed at the option of the Company on or after August 1, 20\_\_\_\_, in whole or in part at any time, at the following redemption prices plus accrued interest to the date fixed for redemption:

# REDEMPTION DATES (INCLUSIVE)

# REDEMPTION PRICES

August 1, 20__ through July 31, 20__	__%
August 1, 20__ through July 31, 20__	__%
August 1, 20__ and thereafter	100%

*Extraordinary Redemption.* In the event that at any time all or substantially all of the properties of the Company used or useful in connection with the business conducted by the Company of acquiring, storing, supplying, selling or otherwise disposing of water for domestic, commercial, industrial and other uses and of collecting and treating sewage shall be acquired by any municipal corporation or other governmental body or agency through the exercise of the power of eminent domain or pursuant to a sale to such municipal corporation or other governmental body or agency as a direct result of the adoption of a resolution of condemnation by such municipal corporation or other governmental body or agency or through the exercise of any right which such municipal corporation or other governmental body or agency may have to purchase such property, then the Series 2000 First Mortgage Bonds issued under the Mortgage may and shall be declared and become due and payable in the manner provided in the Mortgage at the principal amount thereof plus accrued interest to the date fixed for the payment thereof, together with such premium, if any, as shall have been fixed for the bonds of the respective series in such event, upon not less than 30 days' notice by publication to be given in the manner provided in the Mortgage. In such event, the Bonds shall be redeemable on any date to the extent of such redemption of the Series 2000 First Mortgage Bonds at a redemption price of 100% of the principal amount thereof to be so redeemed, without premium, plus interest accrued to the date fixed for redemption upon notice as required in this Bond.

*Mandatory Redemption on Determination of Taxability.* The Bonds will be redeemed in whole (or in part as provided below) on any day within 120 days after the Company receives written notice from a registered owner or former registered owner or the Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that, as a result of a failure by the Company to perform any of its agreements in the Loan Agreement or the inaccuracy of any of its representations in the Loan Agreement or any certificate submitted pursuant to the Indenture, the interest paid or to be paid on any Bond (except to a "substantial user" of the project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended) is or was includible in the gross income of the Bond's owner for Federal income tax purposes. (For purposes of this paragraph, owner shall include any person entitled to the beneficial interest in the ownership of a Bond.) No such determination will be considered final unless the registered owner or former registered owner involved in the determination gives the Company, the Trustee and the Mortgage Trustee under the Mortgage prompt written notice of the commencement of the proceedings resulting in the determination and offers the Company, subject to the Company's agreeing to pay all expenses of the proceeding and to indemnify the registered owner against all liabilities that might result from it, the opportunity to control the defense of the proceeding, and either the Company does not agree within 30 days to pay the expenses, indemnify the registered owner and control the defense or the Company exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the Bonds may be redeemed if redemption of

fewer than all would result in the interest payable on the Bonds remaining outstanding being not includible in the gross income for Federal income tax purposes of any owner other than a "substantial user" or "related person." If fewer than all Bonds are redeemed, the Trustee will select the Bonds to be redeemed by lot as provided in the Indenture or by such other method acceptable to the Trustee as may be specified in an Opinion of Tax Counsel. If this redemption occurs in accordance with the terms of the Indenture, the failure by the Company to perform any of its agreements in the Loan Agreement or inaccuracy of any of its representations in the Loan Agreement or any certificate submitted pursuant to the Indenture shall not in and of itself constitute an Event of Default under the Indenture, the Series 2000 First Mortgage Bonds or the Mortgage. Any such redemption shall be at a price equal to 100% of the principal amount of the Bonds so to be redeemed, plus accrued interest to the date fixed for redemption.

*Purchase in the Event of Death of a Bondholder.* On August 1 of each year commencing August 1, 20\_\_, the Company will, upon the death of any registered owner, purchase any Bond held by such registered owner following presentation for purchase as described below by such registered owner's personal representative or surviving joint tenant(s), subject to the limitation that in any 12-month period the Company shall not be obligated to purchase Bonds pursuant to this paragraph to the extent that the aggregate principal amount of Bonds so subject to purchase exceeds \$\_\_\_\_\_, or the Bonds of any registered owner in excess of the aggregate principal amount of \$\_\_\_\_\_. The Bonds subject to purchase as described above may be presented for purchase by delivering to the Trustee (i) a written request for purchase in form satisfactory to the Trustee, signed by the personal representative or surviving joint tenant(s) of the registered owner, (ii) the Bond(s) to be purchased, (iii) appropriate evidence of death and ownership of such Bond(s) at the time of death, and (iv) appropriate evidence of the authority of such personal representative or surviving joint tenant(s). In order for Bonds to be eligible for purchase on any August 1, such Bonds must be presented for purchase in full compliance with the provisions set forth above, prior to the June 1 next preceding such August 1. The Bonds presented for purchase will be purchased in the order of their receipt by the Trustee. Any Bonds not purchased in any such period because of the individual \$\_\_\_\_\_ limitation or the aggregate \$\_\_\_\_\_ limitation, will be held in the order described above for purchase on the August 1 in succeeding years until purchased. Any such purchase shall be at a price equal to 100% of the principal amount of the Bonds so to be purchased, plus accrued interest to the purchase date.

The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial interest of ownership of a Bond will be deemed the death of a registered owner, regardless of the registered owner, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of street name or nominee ownership, ownership under the Uniform Gifts to Minors Act, community property or other joint ownership arrangements between the husband and wife, and trust and certain other arrangements where one person has substantially all of the beneficial ownership interest in the Bond during his or her lifetime. In the case of Bonds registered in the name of banks, trust companies or broker-dealers who are members of a national securities exchange or the National Association of Securities Dealers, Inc. ("*Qualified Institutions*"), the purchase limitations described above apply to each beneficial owner of Bonds held by any Qualified Institution. In connection with the purchase request, such Qualified Institution must submit evidence, satisfactory to the Trustee, that it owns the Bonds subject to request on behalf of such beneficial

owner and must certify the aggregate amount of purchase requests made on behalf of such beneficial owner. Any Bond so purchased by the Company in accordance with the foregoing provisions shall, at the option of the Company, be either offered for sale and sold within 180 days of the date of purchase or presented to the Trustee for cancellation.

*Notice of Redemption.* Except as otherwise provided in the Indenture, at least 30 days before each date fixed for redemption, the Trustee will mail a notice of redemption by first-class mail to each registered owner of Bonds so to be redeemed at the registered owner's registered address. In accordance with the provisions of the Indenture, notice shall also be sent to principal bond depositories, information services and certain rating agencies. Failure to give any notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. Any notice of redemption at the direction of the Company may state that the redemption is conditioned on receipt of moneys for such redemption by the Trustee on or prior to the redemption date. If such moneys are not received, the redemption of the Bonds for which notice was given shall not be made.

*Effect of Notice of Redemption.* When notice of redemption is given, Bonds called for redemption become due and payable on the specified redemption date at the applicable redemption price; in such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the specified redemption date.

4. *Denominations; Transfer; Exchange.* The Bonds are issued in fully registered form in denominations of \$5,000 or whole multiples of \$5,000. A registered owner may transfer or exchange Bonds in accordance with the Indenture. The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Trustee shall deliver any applicable notice of redemption when it effects a transfer or exchange of any Bond after the mailing of a notice of redemption of such Bond.

5. *Persons Deemed Owners.* The Registered Owner of this Bond may be treated as the absolute owner of it for all purposes. Any action by the Registered Owner of this Bond shall be irrevocable and shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

6. *Unclaimed Money.* If money for the payment of principal, premium or interest remains unclaimed for two years from the date it was deposited with the Trustee for the purpose of such payment, the Trustee will pay the money to or for the account of the Company. After that, registered owners entitled to the money must look only to the Company and not to the Trustee for payment unless applicable law designates another person. In no event shall the Issuer be liable any further for such payment.

7. *Discharge Before Redemption or Maturity.* If the Company at any time deposits with the Trustee money or Government Securities as described in the Indenture sufficient to pay

at redemption or upon maturity the principal of, premium (if any) and interest on the outstanding Bonds, and if the Company also pays all other sums then payable by the Company under the Indenture, the lien of the Indenture will be discharged. After discharge, the Bondholders must look only to the deposited money and Government Securities for payment.

8. *Amendment, Supplement, Waiver.* Subject to certain exceptions, the Indenture, the Loan Agreement or the Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, with the consent of any insurer of the Bonds and of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding. With the consent of any insurer of the Bonds, but without the consent of any registered owner, the Issuer may amend or supplement the Indenture, the Loan Agreement or the Bonds as described in the Indenture, among other things, to cure any ambiguity, omission, defect or inconsistency, or to make any change that does not materially adversely affect the rights of any registered owner. \*

9. *Defaults and Remedies.* The Indenture provides that the occurrences of certain events constitute Events of Default. Subject to the rights of any insurer of the Bonds, if an Event of Default occurs and is continuing, the Trustee, any insurer of the Bonds or the registered owners of at least 25% in aggregate principal amount of the Bonds then outstanding (with the consent of any insurer of the Bonds) may declare the principal of all the Bonds to be due and payable immediately. An Event of Default and its consequences may be waived as provided in the Indenture. Registered owners may not enforce the Indenture or the Bonds, except as provided in the Indenture. Except as specifically provided in the Indenture, the Trustee may refuse to enforce the Indenture or the Bonds unless it receives indemnity satisfactory to it. Subject to the rights of any insurer of the Bonds and subject to certain limitations, registered owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the Trustee in its exercise of any trust or power. Except as provided in the Indenture, the registered owner of this Bond has no right to enforce the provisions of the Indenture, the Loan Agreement, the Mortgage or the Series 2000 First Mortgage Bonds or to institute, appear in or defend any suit or other proceeding with respect thereto.

10. *No Recourse Against Others.* A member, director, officer, agent or employee, as such, of the Issuer shall not have any liability for any obligations of the Issuer or the Company under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each registered owner by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Bonds.

11. *Abbreviations.* Customary abbreviations may be used in the name of a registered owner or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

12. *Copies of Indenture.* The Trustee will furnish to any registered owner upon written request and without charge a copy of the Indenture. Requests may be made to: First Union National Bank, 123 South Broad Street, Philadelphia, Pennsylvania 19101, Attention: Corporate Trust Administrator, PA 1249.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

\_\_\_\_\_  
(Please insert Social Security or other identifying number of Assignee)

\_\_\_\_\_  
(Please print or typewrite name and address of Assignee)

the within Bond, and all rights thereunder and hereunder and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the Premises.

Dated: \_\_\_\_\_

Signature guaranteed

\_\_\_\_\_  
By \_\_\_\_\_

NOTICE:

Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE:

The signature to this Assignment must correspond with the name as it appears on the face of this Bond in every particular, without alteration or any change whatsoever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his or her authority to act must accompany this assignment.